



## Real Estate Continuity

Current Paper available from Gill. This Brief released July 14, 2003

[www.gillinc.com](http://www.gillinc.com)

So, what's the meaning of the tagline *Real Estate Continuity* anyway? Over the past year, we have been answering this question at conferences concerning Business Continuity Planning and in meetings with colleagues.

In our second paper, Gill provides some context. The paper (appropriately titled "Real Estate Continuity") fundamentally proposes that business continuity planning, given its new importance and complexity must incorporate real estate planning into its realm to make solutions more robust. It also discusses topics including the evolution of business continuity planning, ("BC" or "BCP") a field that has evolved from a series of IT initiatives into the crucial area it has become today. Recent surveys clearly demonstrate decision makers are now attaching much greater strategic importance to BC planning, but the importance diminishes once the message filters down to the tactical real estate planning level. In this article, we discuss this and also explore how well BC planners are integrating real estate into their own solutions toolkit. These issues become particularly important in light of statistics that reveal the survivability of businesses that have been exposed to some kind of unanticipated event.

Until recently, there have been no guidelines aligning real estate strategy with Business Continuity Planning. This is changing due to a number of key drivers, one of the more important ones being the development of a paper from the US government, jointly prepared by the Federal Reserve, the SEC and the Treasury Department. The first draft was released in the fall of 2002. This paper proposed to mandate redundancy requirements, including real estate, for financial institutions. Immediately following its release, the committee received 90 letters from subject institutions requesting amendments to what some considered a set of Draconian mandates. The amended paper was released in April 2003 providing a needed degree of flexibility.

Gill's new paper reviews the development of the interagency document and its impact, not only on US financial institutions, but on all institutional-grade users of real estate going forward. We believe that, ultimately, the paper will have a significant impact on facilities planning standards globally. Given these recommendations, what will be the degree of dispersion that takes place? Gill sets out to explore several of the strategic issues associated with an organization's decision to decentralize. Gill suggests a cost-benefit framework that can assist organizations determine the viability and extent of its proposed decentralization program. This paper will be particularly beneficial to executives in the following verticals:

Industry Vertical	Principal Learning Benefits
Corporate Real Estate Executives	<ul style="list-style-type: none"><li>• How does maximum period of downtime impact decisions? What is the optimum structure of workgroups and how does this impact facilities planning? To what extent is company part of extended network?</li></ul>
Business Continuity Planners and Strategists	<ul style="list-style-type: none"><li>• Our previous initiatives never considered to effect of wide area disruptions; how much has RE been integrated into BCP? Does RE assist in LT planning?</li></ul>
Institutional Owners, Landlords and Managers	<ul style="list-style-type: none"><li>• Empower landlords with greater knowledge concerning trends in subject tenants' industries; ascertain maximum amount of permissible downtime of tenants and strategies that subject companies take to minimize this</li></ul>
Industry Analysts	<ul style="list-style-type: none"><li>• How well have certain institutional landlords lowered their risk by integrating BC planning into strategy; what is tenant composition of RE institution's assets how do new directives affect going forward value?</li></ul>
CEOs, CFOs, CIOs	<ul style="list-style-type: none"><li>• Cost-benefit analysis of hot site vs. warm site; what are administrative costs associated with all aspects of creating backup facilities; can better efficiencies be achieved by harmonizing efforts of RE and BCP</li></ul>
Commercial Brokerage	<ul style="list-style-type: none"><li>• Learn how to incorporate elements of BCP into client needs analysis; beyond short-term measures, do RE solutions mitigate risk?</li></ul>

REAL ESTATE CONTINUITY